

FISCAL IMPACT STATEMENT ON BILL NO. *H.3157, as Amended*

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TO: The Honorable Glenn McConnell, Chairman, Senate Judiciary Committee

FROM: Office of State Budget, Budget and Control Board

ANALYSTS: R.J. Stein

DATE: February 18, 2005

SBD: 2005238

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AUTHOR: Representative Harrell

PRIMARY CODE CITE: 33-37-1010

SUBJECT: Capital Access Program for Small Businesses

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

\$0 (No additional expenditures or savings are expected)

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**BILL SUMMARY:**

House Bill 3157, as amended, amends Title 33, Chapter 37 of the Code of Laws of South Carolina, 1976, relating to Business Development Corporations by adding Article 10 (Sections 33-37-1010 to -1100) creating a capital access program (CAP). This program is to be funded by an initial appropriation by the General Assembly of at least \$2.5 million and any additional appropriations the Legislature may make in the future. The purpose of the CAP is to provide a loan loss reserve to assist participating financial institutions making loans to small businesses located in South Carolina that find it difficult to obtain regular bank financing. Sections 2 and 3 of the Bill amend Sections 33-37-460(2) and (3) and Section 33-37-465 of the SC Code which is necessary to ensure that the legal structure and the lending practices of this Business Development Corporation conform to the requirements for all Business Development Corporations established in this state.

**EXPLANATION OF IMPACT:**

Implementation of this Bill would have a fiscal impact on the General Fund of the State of at least \$2.5 million in the first year. Section 33-37-1020 states that this minimum initial appropriation and any funds from later appropriations are to be deposited in the CAP state fund account. The Department of Commerce indicates that the cost of setting up the Business Development Corporation and the CAP would be minimal and could be absorbed within existing resources. The Bill, as amended, requires the Business Development Corporation (BDC) to provide one or more copies of its annual audit to the General Assembly, if requested. The cost of printing and mailing any additional copies of the audit report would be borne by the BDC within existing resources.

**LOCAL GOVERNMENT IMPACT:**

None.

**SPECIAL NOTES:**

None.

Approved by:



Don Addy

Assistant Director, Office of State Budget